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THE DEMAND AND PRICE SITUATION

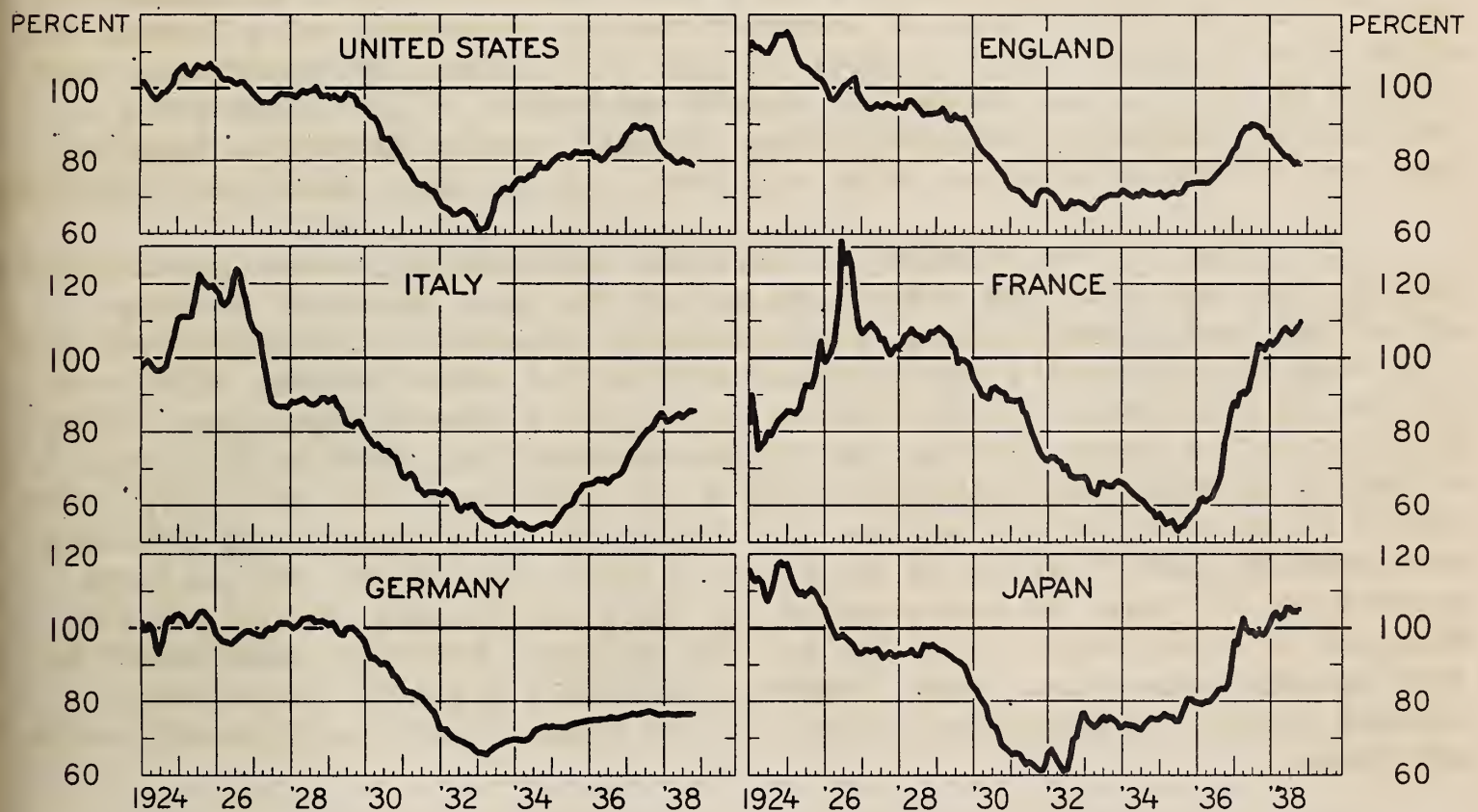
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D.C.

JANUARY 16, 1939

WHOLESALE PRICES, UNITED STATES AND SELECTED FOREIGN COUNTRIES, 1924-39

INDEX NUMBERS (1924-29 = 100)



U.S. DEPARTMENT OF AGRICULTURE

NEG. 25960 BUREAU OF AGRICULTURAL ECONOMICS

THE WORLD-WIDE DECLINE IN COMMODITY PRICES THAT BEGAN IN 1929 WAS FOLLOWED BY CONSIDERABLE RECOVERY IN NEARLY ALL COUNTRIES. GOVERNMENT CONTROLS, CURRENCY DEPRECIATION, AND OTHER FACTORS HAVE RESULTED IN SOMEWHAT DIFFERENT PRICE TRENDS AMONG THE VARIOUS COUNTRIES. THE DECLINE IN 1937-38, AMONG THE NATIONS SHOWN, HAS BEEN MARKED ONLY IN THE UNITED STATES AND ENGLAND.

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DOMESTIC DEMAND

The domestic demand for farm products apparently continued to increase somewhat in December. Available weekly data, however, indicate that the last part of November marked the temporary end of the sharp increase in industrial production which began last June. During the first half of December the output of industrial products appears to have declined seasonally, and in the last half somewhat more than seasonally. Nevertheless, because of the lower level of activity in early November, the seasonally adjusted average for December will show some increase over the average for the preceding month. Probably all of the measures relating to consumer purchasing power, when they become available for December, will show at least slight increases over November.

Whether or not the slightly more than seasonal decline in industrial activity in the latter part of December was the forerunner of a further decline to come in the first quarter of 1939 is difficult to determine. Much depends on the rate of automobile output and buying of steel and other supplies by automobile manufacturers. Several factors indicate, however, that any further slackening which may occur will be only minor and temporary.

The vigor of the recovery in building construction, which has continued through the late fall and winter, is one of the most important factors supporting such a conclusion. The Government financing aids instituted last year have helped greatly to stimulate residential construction, which was greater in 1938 than in 1937 despite the severe business recession. This, together with a sharp increase in public construction, brought the total volume of construction contracts awarded in 1938 above that for 1937. There should be an even larger increase in 1939, with all categories of building construction participating in the rise. Actual work on the PWA projects started in 1938 will be concentrated in 1939, and in many localities the building of small homes under the new FHA mortgage insurance provisions is just getting under way. Some industrial building projects tentatively planned before the recession set in will be resumed now that recovery is in progress.

The automobile industry also promises to give greater support to the general situation than had been anticipated several months ago. Most recent reports point to continued brisk retail sales of cars, and total production 50 percent greater than in 1938 does not now appear to be an unreasonable expectation, compared with earlier hopes for a 25 or 30 percent increase. If this expectation materializes, many other lines of industry, particularly steel, will be correspondingly benefited.

The outlook for other important industries has not changed greatly during the past few months. In view of these improved prospects for building construction and automobiles, a marked or sustained reversal of the recovery at this time is not a reasonable prospect, and possible temporary periods of less encouraging nature should be correspondingly discounted as indications of the general trend. While the sharply rising tendencies of industrial activity and consumers' income during the last half of 1938 probably will not continue in 1939, the outlook continues to be for a

relatively stable level of economic conditions materially better than the average for 1938.

FOREIGN COMPETITION AND DEMAND

The foreign situation continues to be unfavorable for United States agriculture, and with a few exceptions the factors influencing the outlook for the next few months do not indicate an imminent reversal.

The Economist index of business activity in the United Kingdom in November reached its lowest point in more than a year. It is expected that the continuance of recovery in the United States will check this movement during the first half of this year and perhaps lead to a definite reversal later. The value of the pound has continued to move irregularly with a slight downward tendency.

Our farm exports during the first 5 months of the fiscal year have been disappointing, due mainly to the poor showing of cotton. In spite of high exports during July and August, the total July-November value is 8 percent lower than last year.

Canada and Belgium are two relatively bright spots in the picture. The Canadian index of industrial production for October was 13 percent above the February low. That for Belgium in November was 24 percent up from the low point reached in August. Rises also occurred in some of the totalitarian country indexes, but these do not have the same significance because of the degree to which they are weighted by war activities and by Government labor projects comparable with work relief (not included in the indexes in other countries).

WHOLESALE PRICES

The general level of wholesale prices in 1938 was 79 percent of the 1926 average, or 9 percent lower than in 1937 and 3 percent below the 1936 level. Wholesale prices have declined steadily since early 1937, although a momentary pickup occurred in July 1938. Prices in December 1938 and early January 1939, at 77 percent of the 1926 average, are the lowest in 4 years.

Although general business and security prices improved considerably during 1938, wholesale commodity prices declined about 5 percent from the beginning to the end of the year. Prices in 1939 are expected to average somewhat higher than in 1938, with higher prices of raw materials probably more than offsetting lower prices of some manufactured goods.

Some of the factors responsible for the downtrend of prices in 1938 are still in operation as 1939 begins, but the situation has been alleviated somewhat by the prospect of increased demand. Factors tending to offset this favorable prospect are the declining trend in sterling exchange and unusually large stocks of many commodities in the hands of producers or Government agencies.

Prices of finished goods have declined 10 percent since September 1937; some further drop is anticipated. Prices of raw materials declined for an equal length of time but the decline began earlier - April 1937 to June 1938. Since June raw materials prices have made two moderate spurts toward recovery, both of which proved only temporary. Prices of raw materials, however, ended the year 1938 on a hopeful note, with strengthening prices of both farm products and foods for the week ended December 31.

The ratio of wholesale prices of farm products to wholesale prices of nonagricultural products for the week ended January 7 was 81 percent of the pre-war level, compared with 83 for the corresponding week a year earlier.

The trend of wholesale prices in the major foreign countries have been similar to that in the United States. The combined index of wholesale prices in nine important foreign commercial countries, at 86 percent of the 1924-29 average, is 3 percent lower than the high point of the year in January. Among the major industrial countries the greatest price decline since January occurred in Canada, where prices have dropped 12 percent; prices in England and Belgium each declined 9 percent, and in the Netherlands and Poland 7 and 6 percent, respectively. Prices in France, on the other hand, have increased 6 percent in 1938, and are practically double what they were 3 years ago before the last series of devaluations of the franc.

PRICES RECEIVED AND PAID BY FARMERS

Market prices indicate that the general level of prices received by farmers in mid-January is about the same as in mid-December. Prices have risen a little for grains, potatoes, and meat animals, whereas prices have declined for dairy and poultry products, and tobacco.

The general level of prices received by farmers in 1938, at 95 percent of the pre-war average, was more than 20 percent below the 1937 level when the index averaged 121. All groups of commodities declined in 1938, but in varying degrees. Prices of grains and fruit dropped about 40 percent, and cotton and miscellaneous commodities 26 percent, whereas prices of chickens and eggs were only 3 percent below the 1937 level.

The general level of prices received by farmers in mid-December advanced to 96 percent of the pre-war average compared with 94 in November and 104 in December 1937. The slight upturn from November to December reflected a sharp increase in prices of truck crops and more moderate gains in prices of dairy products, fruit and grain. These increases more than offset declines in prices of tobacco, hogs, cotton, wool and eggs. The preliminary estimate of prices paid by farmers for commodities declined one point from November to December, to 120 percent of the pre-war average. The ratio of prices received to prices paid by farmers increased to 80 percent of the pre-war average, reflecting both the 2-point rise in the average of farm prices and the 1-point decline in prices paid by farmers. The December ratio of 80 compares with 78 in November and 83 a year earlier.

FARM INCOME

An annual summary of farm income for 1937 and 1938, giving income by States and by commodities will be released about January 20.

Farm income declined slightly more than the usual seasonal amount from November to December. Income from potatoes, wheat, and a few other crops declined less than usual but this was not sufficient to offset the marked decline in income from cotton and corn. Income from tobacco was much lower than a year earlier but made about the usual seasonal increase from November to December. Income from meat animals in December was slightly larger than in November and only slightly smaller than in December 1937, but the increase from November to December was less than usually takes place at this period of the year.

Although marketings of dairy products in December were larger than in 1937, prices of butterfat and milk sold at wholesale in December were only about 70 percent and 83 percent, respectively, of a year earlier; and income from dairy products continued somewhat below the corresponding month of last year.

Government payments to farmers in December were considerably larger than the 8 million dollars paid out last year, which helped to offset the decline in income from farm marketings.

COTTON

Domestic prices of spot cotton, while fluctuating within a range of approximately one-third cent, continued unusually steady from early December to mid-January. During the first 14 days of January, the average price of Middling 7/8 inch in the 10 markets varied between 8.44 and 8.65 cents and averaged 8.53 cents. This was about the same as the average for January 1938 and slightly lower than the average for the 1937-38 season. While the current estimate of the 1938-39 world supply is slightly larger than the estimated 1937-38 supply and consumption so far this season is considerably less than a year earlier, a much larger proportion of the supply this season is being held by the United States Government against loans.

Although domestic mill consumption of raw cotton declined seasonally from November to December, consumption continued greatly (30 percent) above the low level of a year earlier. Total United States mill consumption from August through December of 2,800,000 bales was 155,000 bales or 7 percent larger than in the first 5 months of last season. During the next few months, domestic mill consumption is expected to continue well above a year earlier.

Mill consumption in foreign countries during December apparently continued materially lower than a year earlier, possibly enough lower to approximately offset the increased consumption in the United States. While the estimated world mill consumption for the 4 months from August through November of this season totaled 9,213,000 bales or 545,000 bales less than in the corresponding period last season, consumption in November this season was slightly larger than in November 1937, according to estimates of the New York Cotton Exchange Service.

World consumption of American cotton during the first 4 months of this season was placed at 7 percent, or 300,000 bales less than in the corresponding period last season, despite a slight increase in United States consumption. The decline in foreign countries for the 4-month period compared with a year earlier was estimated to have been about 18 percent. Exports of American cotton through November were 37 percent less than a year earlier and through January 10 were 43 percent or 1,525,000 bales less than from August 1 through January 10 last season.

WHEAT

Wheat prices in domestic markets are generally about 4 to 5 cents higher now than in the middle of December even though prices in Liverpool are only about 1 cent higher. Strength in domestic prices since mid-December is attributed largely to the sharp reduction in winter wheat acreage, reported officially December 21, and continued unfavorable new crop prospects. Dry weather prevailed over a large southwestern area, until early January when widespread and beneficial rains were received. Domestic prices during the next few months will depend largely upon the total European wheat purchases and on importers' purchases of United States wheat. If European demand remains about as now indicated the newly harvested Southern Hemisphere crop may weigh on wheat prices in importing countries. The amount of the spread that prices in domestic markets are above world levels will continue to depend largely upon Government purchases for export along with wheat being withheld under loan and upon prospects for the 1939 domestic crop.

During the last 6 months of 1938 approximately 75 million bushels of wheat and flour in terms of wheat had been sold for export, of which about 48 million bushels had actually been exported. The Federal program to stimulate exports has assisted in the sale of about 50 million bushels. The quantity of wheat under loan is estimated at about 75 million bushels. The average loan rate is about 59 cents, which is probably 2 cents higher than the average of the current prices received by farmers.

A winter wheat acreage in the United States of 46 million acres and a production of 485 million bushels were indicated December 21 by the official crop report as of December 1. The acreage indication represents a reduction of about 18 percent from that seeded a year ago. No information is yet available on the probable reduction in spring wheat seedings. If the same reduction is made in the spring wheat acreage, as indicated for

winter wheat, the total spring wheat acreage seeded would be about 19.3 million acres. And average yields per seeded acre on such an acreage would result in a spring wheat crop of 195 million bushels. A spring wheat crop of this size together with a winter wheat production of 485 million bushels, would mean a total crop of about 680 million bushels. This would approximate the average domestic wheat disappearance of 683 million bushels and permit the prospective large carry-over --over twice normal size-- to be reduced by approximately the total of our exports.

RICE

The average price received for rice by Louisiana farmers has advanced about 8 cents per bushel since the harvesting of the 1938 crop, while prices received by California farmers have remained practically unchanged. The average prices received by farmers in both Louisiana and California in mid-December, however, were 5 cents per bushel below those a year earlier. Lower prices this year are accounted for largely by some increase in supplies and a less favorable general demand situation. With some improvement in the general demand situation in prospect, the rice situation may show some improvement during the next few months.

The total United States supply of 16.4 million barrels of rice on August 1 was much larger than for any other recent year except 1937, when supplies totaled 17.2 million barrels. Combined stocks of rough and milled rice remaining in the Southern States on January 1 totaled about 8.5 million barrels or about the same as January 1 supplies last year. In California about 4.0 million barrels remained on January 1 compared with 3.1 million barrels a year earlier.

Exports of rice during the first 4 months of the present marketing year, beginning August 1, totaled about 103 million pounds compared with 108 million during this period a year ago. With the exception of 1937, however, this was the largest quantity of rice exported during the same period in more than 15 years. Large exports during the past marketing year have been largely the result of the special rice agreement with Cuba. In recent months exports to Cuba have declined, and they are expected to be somewhat smaller for the 1938-39 marketing year than they were in 1937-38. Total shipments of rice to insular possessions during the August-November period were about 30 million pounds smaller than for this period of 1937, principally because of smaller shipments to Puerto Rico.

CORN AND OTHER FEED GRAINS

General advances in feed grain prices which started early in November continued through December, with cash corn and oats prices advancing about 2 cents per bushel and barley prices about 5 cents per bushel from early December to early January. Average prices received by United States farmers for corn advanced 3 cents per bushel from November 15 to December 15. Advances of 3 to 5 cents per bushel were general throughout the commercial corn producing area. The corn loan and unfavorable Argentine crop developments were price supporting factors. Up to January 6 53.6 million bushels of 1938 corn had been sealed and the loan program is expected to continue to be a price supporting factor during the spring and summer months.

The combined stocks of corn and oats on hand January 1 were estimated to be 63.0 million tons compared with 59.5 million last year and 50.6 million tons for the 1928-32 average. The disappearance of corn during the period October - December was considerably larger than in this period of 1937, but was much below average. The disappearance of oats was somewhat below that of a year earlier and also well below average. The total corn stocks remaining on January 1 were about 140 million bushels larger than on January 1, 1938 and about 360 million bushels above the 1928-32 average. On the basis of these figures it now appears that corn stocks at the beginning of the 1939-40 marketing year may be near or above the record carry-over of 386 million bushels in 1933.

Exports of corn continued at a lower level during the fall months of 1938 than during the spring and summer. Exports in November totaled about 6 million bushels and for October about 4 million bushels. This compares with the peak exports of over 25 million bushels in May. Unofficial estimates of the size of the 1939 Argentine corn crop range from 177 to 236 million bushels, which is little more than one-half of the production in most of the years just prior to 1938, and only little larger than the small 1938 crop. If these prospects materialize the export situation for United States corn probably will continue favorable.

HOGS

It now appears probable that slaughter supplies of hogs in the present marketing year, which began October 1, will be at least 15 percent larger than in the preceding marketing year. Consumer demand for meats will be somewhat stronger this year than last, but the improvement in demand is expected to offset only partly the effects of the increased supplies on hog prices. The 1938 fall pig crop was estimated to be 18 percent larger than that of 1937, and the total 1938 pig crop (spring and fall crops combined) was about 15 percent larger than the combined crop of 1937.

The upswing in hog production in 1938 reflects the abundant feed supplies, the high hog-corn price ratio and the low level of hog production in some areas, especially the Western Corn Belt. Present indications are that a further increase in the number of pigs raised will occur in 1939. On the basis of breeding intentions reported about December 1, it was estimated that the number of sows to farrow in the spring of 1939 will be 21 percent larger than the number farrowing last spring. If feed crop production is near average this year, it is not unlikely that the combined spring and fall pig crops of 1939 will reach about 80 million head, which is the average of the 5 years prior to the 1934 drought.

Hog prices were about steady in December, after declining from late July to late November. The average price of butcher hogs at Chicago in December was about \$7.25 compared with \$7.70 in November and about \$8 in December 1937. Hog slaughter under Federal inspection in December, totaling 4,346,000 head, was seasonally larger than in November, and it

was 10 percent larger than that of December a year earlier. In the first 3 months of the current marketing year, which began October 1, inspected hog slaughter was 16 percent larger than in the corresponding months of 1937.

BEEF CATTLE

The number of cattle fed this winter will be somewhat larger than the number fed last winter. The number of cattle on feed January 1 in the Eastern Corn Belt was reported to be 4 percent larger than a year earlier and the largest in many years, and in the Western Corn Belt the number on feed was about 10 percent larger than a year earlier. The increase for the Corn Belt as a whole was 7 percent, but this increase was partly offset by reductions in the number of cattle on feed in other important feeding areas. Marketings of grain fed cattle are expected to increase seasonally in the next several months, and the number of such cattle marketed in the first half of 1939 probably will be larger than a year earlier. On the other hand, marketings of the lower grades of slaughter cattle, particularly cows, probably will decrease seasonally in the first half of 1939, and are likely to be smaller than those of a year earlier.

Cattle prices were firm in December and early January. Prices of the upper grades of slaughter steers and heifers, which declined sharply in late 1937 and early 1938, advanced from February through the fall and early winter of 1938. For the first week of January this year prices of good grade steers at Chicago averaged nearly \$10.40 per 100 pounds, about \$2.80 higher than at the low point last February, and more than \$2 higher than a year earlier. Prices of good grade slaughter cows and of stocker and feeder steers in early January this year averaged the highest for the period since 1930.

The relative strength in cattle prices apparently has been due to the recovery in business activity since last summer and the consequent improvement in consumer demand for meats; also to the marked reduction in slaughter supplies of cows and heifers from those of the early fall, and from those of a year earlier. Because of the abundant supplies and low prices of feed, there is now a pronounced tendency to withhold cows, heifers, and calves from slaughter for the purpose of rebuilding and increasing herds.

The number of cattle slaughtered under Federal inspection in December totaled 758,000 head, 12 percent less than in November, and 12 percent less than in December 1937. For 1938 as a whole, inspected cattle slaughter totaled 9,776,000 head, 3 percent less than in 1937. Cow and heifer slaughter was sharply reduced, but steer slaughter was larger. Inspected calf slaughter in 1938 totaled 5,492,000 head, 13 percent less than in 1937.

LAMBS

The number of sheep and lambs on feed for market in the principal feeding States, January 1 was about 5 percent smaller than a year earlier, with a decrease of 4 percent in the Corn Belt States, and a decrease of 6 percent in the western sheep States. A larger than usual proportion of the lambs on feed January 1 were Texas lambs. Partly because of drought conditions in Texas, shipments of Texas lambs to feed lots in other States were unusually large during the second half of 1938. Marketings of grass-fat yearling lambs from Texas to May 1 are likely to be smaller than a year earlier. And marketings of fed lambs to May 1, mostly from other States, probably also will be smaller than last year, when total marketings of slaughter sheep and lambs during the fed lamb season were near record proportions.

Prices of lambs at the beginning of the fed-lamb marketing season in early December were slightly higher than those of the corresponding period a year earlier. Lamb prices did not change greatly from early December to early January. For the first week of January, prices of good and choice lambs at Chicago averaged about \$8.90 per 100 pounds, approximately 50 cents higher than a year earlier. Consumer demand was somewhat stronger and slaughter supplies were smaller than at the same time last year.

Slaughter supplies of sheep and lambs decreased seasonally from late October through November. And in December, inspected slaughter totaled only 1,347,000 head, 7 percent less than in November and 4 percent less than in December 1937. December was the first month in the current marketing year (May - April) in which slaughter was smaller than that of a year earlier. The lamb crop in 1938 was 5 percent larger than that of 1937 and was the largest on record. And inspected slaughter of sheep and lambs from May through November was 6 percent larger than in the corresponding period of 1937. Drought in Texas during the past few months probably was partly responsible for the smaller number of sheep and lambs slaughtered in December than a year earlier; many lambs that otherwise would have been marketed as grass-fat lambs in Texas were shipped to feed lots in other States.

WOOL

Following some weakness in prices in December, an increase in wool sales at Boston was accompanied by higher prices for many grades of domestic wool in the first week of January. The decline in prices in the domestic market in December was accompanied by declines in foreign markets, and the spread between Boston and London prices for December showed little change from the previous month. The United States average price received by farmers for wool on December 15 was 20.2 cents a pound compared with 20.5 cents on November 15 and 23.6 cents on December 15, 1937.

The weekly average rate of mill consumption of apparel wool in the United States in November was about 20 percent higher than in October and was the highest for any month since March 1937. Because of the low rate

of consumption in the early months of the year, consumption on a scoured basis for the first 11 months of 1938 was 20 percent smaller than in the same months of 1937. Mill sales of men's wear fabrics for the spring season are reported to be much larger than a year earlier, and mill activity is expected to continue at a relatively high level in the early months of 1939.

In view of the continued improvement in domestic mill consumption it appears rather certain that stocks of raw wool in the United States at the opening of the 1939 season in April will be smaller than a year earlier. A considerable quantity of domestic wool held at the present time is covered by Federal Government loans.

On December 1, apparent supplies of wool in the five principal exporting countries of the Southern Hemisphere were estimated to be about 2 percent smaller than a year earlier and also 2 percent smaller than the December 1 average supplies in the 5 years 1932-36. The relatively large carry-over into the current season in the Southern Hemisphere has been offset by the decline in production in Australia and by larger exports. Mill consumption has improved in some European countries in recent months, and the outlook for disposal of the current clip in the Southern Hemisphere is more favorable than at the beginning of the season in July.

BUTTER

The seasonal peak in butter prices occurred in early December; since then the price of 92-score butter at New York has declined about 4 cents. With this decline the price is back to about the level at which governmental agencies purchased butter during the past summer and fall. The seasonal low in prices usually comes in mid-summer.

Butter production is large, output in November was 12 percent larger than a year earlier and about the same as the preceding peak for the month. It seems probable that production will continue relatively high during the remainder of the feeding period. Butterfat prices are about average in relation to feed grains, and supplies of feeds are relatively large.

Apparent consumption of creamery butter in November was 11 percent larger than a year earlier, and a new peak for the month. This increase was due in part to the distribution of butter for relief. Trade output through regular commercial channels was only about 5 percent larger than a year earlier. The retail price of butter in November 1938 was 23 percent less than in November 1937. These changes indicate that consumer expenditures for butter in November were about 19 percent less than a year earlier, but somewhat higher than a month earlier. After allowing for the usual seasonal changes it seems probable that further increases in consumer expenditures for butter are in prospect.

POULTRY AND EGGS

Important developments in the situation for poultry, egg, and turkey producers during December were (1) a continued favorable feed-egg ratio (2) a greater than seasonal advance in turkey prices (3) no change in the United States average farm price of chickens for the third consecutive month (4) a record high rate of egg production, and (5) a large out-of-storage movement of shell eggs.

Prices farmers receive for chickens have remained at the low level of 13.6 cents during October, November and December. Storage stocks of poultry on January 1 are estimated as being larger than a year ago. All supplies of poultry are likely to continue larger than a year ago. Poultry receipts at New York during December were slightly above those for the same period last year.

Egg prices usually decline from November or December until spring. In 1938 December egg prices were lower than November prices, even though storage holdings were very small, but were above 1937 levels. Further sharp declines in market prices of eggs occurred in early January. Low feed costs have continued to contribute toward increased egg production. Egg marketings at New York during December were about the same as those for the same month last year.

Turkey prices have increased more than the usual seasonal amount and are slightly higher than at this time last year. The generally favorable outcome for producers will probably result in a further increase in production of turkeys in 1939.

FRUITS

The general level of fruit prices in terminal markets appeared to be somewhat higher in mid-January than a month earlier, despite declines in prices of grapefruit and California Navel oranges. Apple prices were generally substantially above prices of mid-December, and prices of Florida oranges were slightly higher than a month earlier.

Domestic demand for all fruits is expected to experience further improvement as a result of additional increases in consumer incomes.

The total orange crop for the 1938-39 marketing season (October-September) was indicated on January 1 at 79.5 million boxes, slightly above the December 1 estimate and the largest on record. The 1938-39 grapefruit crop showed no change during December, and production was indicated on January 1 at 40.7 million boxes, compared with 31.1 million in 1937-38 and 30.4 million boxes in 1936-37. It now seems certain that considerable quantities of Texas and Florida grapefruit will not be marketed this season.

Stocks of apples in cold storage were reported on January 1 to be 15 percent smaller than the record stocks on hand a year earlier but 5 percent above average. With the likelihood that common storage stocks are very small compared with a year ago, it is probable that the total supply of apples available for market during the remainder of the current marketing season is more than 15 percent smaller than the supply available for the same period of last season.

POTATOES

Potato prices continued to rise through December and were generally higher in the first week of January than a month earlier. Prices of Russet Burbanks, however, declined slightly to \$2.25 per 100-pound sack and those of new stock from Florida declined sharply to \$1.54 per 50-pound crate. The general trend of prices for new potatoes is usually downward this time of the year.

Eastern potatoes at New York rose 25 cents per 100-pound sack during December and averaged \$1.68 during the first week in January. At Chicago prices of most varieties during the first week of January were slightly higher than a month earlier with Russet Burbanks and new stock averaging lower. Excluding western stock and new potatoes, prices averaged \$1.30 per 100 pounds in early January compared with \$1.25 in early December. Russet Burbanks at \$1.68 were 10 cents lower while Colorado McClures at \$2.00 were almost 10 cents higher than in early December.

Car-lot shipments increased sharply during the first week of January over the weekly movement during December. Slightly more than 3,600 cars were shipped in the week ended January 7 compared with 2,400 the previous week and 4,500 the corresponding week a year ago. Nearly 59,000 cars of potatoes were shipped from the late States up to January 1 compared with about 74,000 cars shipped during the corresponding period a year earlier. The difference in the movement this season as compared with last season is largely attributed to the difference in the regional distribution of the crop and to the continuing upward trend in the motor truck movement. It is estimated that truck shipments to date are the largest for the period on record.

In view of the smaller late crop this season and the indicated marketings to date, January 1 stocks are expected to be smaller than a year earlier. This smaller supply of old potatoes together with a smaller fall crop, 1,732,000 bushels compared with 2,145,000 bushels last year, is a favorable factor in the immediate market situation. Also the demand situation in the immediate future will be considerably better than that of a year earlier, with consumers' income considerably increased.

TRUCK CROPS

Market prices of truck crops tended to strengthen during the early part of December but by the first week of January, about as many items were lower than a month earlier as higher. Prices of snap beans, new beets, old stock cabbage, celery, cucumbers, eggplant and peppers were significantly higher than a month earlier in mid-western markets while new beets, western celery, cucumbers, onions, western green peas, peppers, and spinach, were higher in eastern markets. The rise in prices of Florida cucumbers and peppers was very sharp. On the other hand, rather sharp declines occurred in the prices of broccoli, carrots, cauliflower, lettuce, and tomatoes.

December rains improved growing conditions for winter vegetables in Louisiana, Texas and California, and in most areas of the South the commercial crops have recovered from the earlier freezes. Shipments from Florida are increasing after the slackening caused by the early December cool spell. Fall and winter production of snap beans is indicated to be about one-third larger than a year ago, fall and early cabbage about 14 percent larger. Fall and early spinach is up about 8 percent, and early beets are increased only slightly. On the other hand, the indications point to smaller early crops of carrots, celery, onions, and tomatoes.

Business statistics relating to the demand for farm products, specified periods

Year and month	: :Nation- :al :income :1/	: :Nonagri- :cultural :income :2/	: :Build- :ing :con- :tracts :awarded :3/	: :Factory: :employ- :ment :4/	: :Income :of :indus- :trial :pro- :duction :5/	: :Foreign: :indus- :trial :pro- :duction :6/	: :Retail: :food :prices :8/	: :Prices :re- :ceived :by :farmers :9/	: :Prices :paid :by :farmers :10/	: :Ratio of :prices :received :to :prices :paid :11/
Base period-	1929	1924-29	1923-25	1923-25	1923-25	1923-25	1910-14	1910-14	1910-14	1910-14
1929	100	108	117	106	107	136	139	146	153	95
1930	93	101	92	92	88	124	126	126	145	87
1931	80	88	63	78	67	111	107	87	124	70
1932	63	69	28	66	46	97	95	65	107	61
1933	58	64	25	73	49	107	96	70	109	64
1934	66	73	32	86	61	116	109	90	123	73
1935	71	78	37	91	69	124	117	108	125	86
1936	82	90	55	98	80	132	118	114	124	92
1937	88	96	59	106	94	144	126	121	130	93
1937- July	89	98	67	108	99	142	128	125	133	94
Aug.	90	98	62	109	99	142	128	123	132	93
Sept.	89	97	56	109	95	146	128	118	130	91
Oct.	88	96	52	107	94	148	125	112	128	88
Nov.	86	95	56	101	87	148	122	107	127	84
Dec.	86	98	61	94	80	145	119	104	126	83
1938- Jan.	84	91	52	88	74	141	118	102	126	81
Feb.	83	90	51	88	72	142	116	97	126	77
Mar.	83	90	46	88	71	142	116	96	125	77
Apr.	81	90	52	86	69	140	115	94	125	75
May	80	88	51	83	68	141	114	92	125	74
June	81	87	54	82	67	141	114	92	124	74
July	81	88	59	82	69	135	115	95	123	77
Aug.	82	89	66	86	72	135	114	92	122	75
Sept.	83	90	78	89	75	141	114	95	121	79
Oct. 11/	84	90	82	90	76	144	113	95	121	79
Nov. 11/	85	92	89	91	78		113	94	121	78
Dec. 11/			89	91			112	96	120	80

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NOTES:

- 1/ Department of Commerce monthly and annual index numbers of "national income paid out", 1929 = 100. (monthly adjusted for seasonal variation). Comprised the payments to or receipts by individuals in the form of wages, salaries, interest, dividends, entrepreneurial withdrawals, and net rents and royalties, direct relief disbursements, adjusted service payments to veterans (soldiers' bonus) and benefit payments under the Social Security program. Monthly index described in Survey of Current Business, October 1938. Revised October 1938.
- 2/ Industrial Relations Division of the Agricultural Adjustment Administration, 1924-29 = 100, adjusted for seasonal variation. Veteran bonus payments are included in 1931 and 1936 but are insignificant in other years. Nonagricultural income, without bonus payments, is 86 for 1931 and 88 for 1936. Revised November 1938.
- 3/ Federal Reserve Board index, 1923-25 = 100, adjusted for seasonal variation.
- 4/ Bureau of Labor Statistics index, 1923-25 = 100, without seasonal adjustment. Revised September 1938.
- 5/ Bureau of Agricultural Economics, 1924-29 = 100, adjusted for seasonal variation. Includes factory workers, railroad and mining employees. Revised October 1938.
- 6/ Bureau of Agricultural Economics, 1923-25 = 100, adjusted for seasonal variation. Weighted average of index numbers of industrial production for nine foreign countries - United Kingdom, France, Germany, Italy, Japan, Canada, Belgium, Czechoslovakia, and Poland. Series was revised from January 1920 through July 1935 in July 1937 - and from August 1935 through August 1937 in November 1937.
- 7/ Bureau of Labor Statistics index, 1910-14 = 100, without seasonal adjustment.
- 8/ Bureau of Labor Statistics index, 1913 = 100.
- 9/ Bureau of Agricultural Economics, August 1909-July 1914 = 100.
- 10/ Bureau of Agricultural Economics 1910-14 = 100.
- 11/ Preliminary.

